

ORIGINAL



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VCI Company
3875 Steilacoom Boulevard S.W. #A
Lakewood, Washington 98499
(253) 830-0056
Sender's E-mail: staceyk@vcicompany.com

Via Overnight Delivery

October 24, 2005

Docket Control Center
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007-2996

Re: VCI Company d/b/a Vilaire Communications
Docket No. T-04278A-04-0705

Dear Sir/Madam:

Enclosed for filing in the above referenced ongoing docket please find an original and thirteen (13) copies of Vilaire Communications, Inc.'s responses to Staff's additional data requests.

Please acknowledge receipt of this filing by date-stamping and returning the additional copy of this transmittal letter in the self addressed, postage paid envelope provided for this purpose.

Questions regarding this filing may be directed to me at the telephone and facsimile numbers listed above or via electronic mail at sklinzman@vcicompany.com.

Sincerely,

VCI Company


Stacey A. Klinzman
Regulatory Attorney

AZ CORP COMMISSION
DOCUMENT CONTROL

2005 OCT 25 P 1:09

RECEIVED

RESPONSE TO STAFF'S ADDITIONAL DATA REQUESTS
Docket No. T-04278A-04-0705

Request 1: How many customers does VCI have in the State of Washington?

Response: VCI has approximately 20,000 customers in the state of Washington.

Request 2: What are the dates that VCI implemented the changes mentioned in its responses to the Washington complaints?

Response:

1. More rigorous training program and greater supervision of customer service representatives.

Beginning in the first quarter of 2004, VCI has made continual changes to its training program as problems have been identified and the company has grown larger. This past summer, VCI instituted a supervisory committee of senior customer service representatives that are responsible for supervising the more junior customer service representatives, identifying problems, developing solutions and presenting issues and solutions to senior company management.

2. Clarification of disconnect notice to more fully explain customer rights and list additional payment methods.

In the first quarter of 2004, disconnection notices were expanded to include all the detail of a bill including past due amount, date due, disconnection date, and fees associated with re-connection. The bill also provides 8 additional business days for payment to be made prior to disconnection. Disconnection notice also includes state legal language pertaining to medical emergencies and explains how to qualify. VCI also began providing alternative payment locations, including Moneygram at all Albertson's grocery stores, Bank of America and WalMart, Speedpay locations at all ACE Cash Express and Choicepay locations at participation 7-11 stores. VCI also began accepting credit card payments over the phone.

3. Implementation of autodialed calls to customers with pending disconnection.

In the first quarter of 2004, VCI purchased and began employing an automated system that calls every delinquent customer a minimum of twice after the account becomes delinquent and before the account is disconnected. The automated system advises the customer of the past due account and requests payment. It also provides an option for the customer to listen to the payment methods explained above.

4. Implementation of a more detailed bill-back with descriptive information to help reduce customer confusion

See bill back attached, which was developed initially in the first quarter of 2004 and is modified as the company begins providing service in additional states.

5. Contract with third-party verification provider.

In April 2003, VCI entered into a contract with Voicetric to provide third party verification services. In May of 2004, VCI switched to The Verification Company. See contract with The Verification Company attached. Throughout the fourth quarter of 2003 and the first quarter of 2004, VCI worked with the Washington Utilities and Transportation Commission to develop improved scripting and clarified the conditions under which third party verification should be used: conversions and PIC freezes.

ATTACHMENT

BILL BACK

PAYMENT METHODS:

1. Check/Money Order in the mail to:
VCI Company Inc.
PO Box 98907
Lakewood, Wa. 98498
2. Credit Card over the phone (Speedpay \$1.50)
Call Customer Service at 1-800-923-8375
(Mon-Fri 9am to 5pm PST). TTY, 711
3. MoneyGram (fee applied at store).
 - a. Go to WalMart, Albertsons, Long's Drugs
 - b. Go to Customer service and ask for a BLUE Express payment form.
 - c. Receive Code = 3278
Account Number = Your 10 digit phone number including area code.
4. ACE cash Express (\$1.00 Fee applied at store)
Account number = Your 10 digit phone number including area code.
5. Cash payment location (No charge) 1731 S. Boone St.
#502 (office), Aberdeen, Wa. 98520. M-F 9-5

Toll Blocking

A Toll block has been placed on your line in lieu of a deposit to prevent unwanted charges from appearing on your bill such as collect calls, operator assistance and long distance.

VCI Company Inc. will lift toll blocking, at no charge, if you establish a direct relationship with an interexchange carrier. The interexchange carrier may require a service deposit, depending upon your credit history.

With a \$75 deposit, VCI Company Inc. will lift toll blocking and not charge you the \$20 change order fee to perform this service, even if you do not identify a presubscribed interexchange carrier. Under this option you will not be able to place 1+ dialed toll calls.

With a \$75 deposit, VCI Company Inc. will lift toll blocking to operator services and not charge you the \$20 change order fee to perform this service.

www.vilaire.com

NEW CUSTOMER INFORMATION:

Please carefully review the services and charges on your bill to be sure your order is accurate. The services you ordered are detailed on the front of the bill. Additional information pertaining to local exchange service may be found in the consumer information guide of the local telephone directory. You may request a preferred carrier freeze to be added to your account to prevent your telephone service from being switched to another carrier without your written or oral permission. Call VCI to remove the freeze at any time.

DISCONNECTION/Non-Payment:

Basic Service, Connection fees, Taxes and surcharges that are unpaid by the bill due date can result in disconnection of service. Payment for these services in addition to a late fee and reconnection charge must be received in our office prior to reconnection of service.

FEATURES:

VCI Company offers free features as a courtesy to those customers paying for monthly connection fees and using their phones for normal residential usage (not intended for prolonged connection to the internet or usage in excess of 5,000 minutes per month). These features are subject to removal without notice at the discretion of VCI Company.

These features can include: Caller Id, Call Waiting, 3-Way Calling, Call Forwarding, *69, Anonymous Call rejection and others as determined by VCI Company Inc.

RETURNED CHECKS – A returned check charge of up to \$25 will apply for each check returned for any reason. In addition, late fees may be added.

TAXES – Service may include Federal Access charges, Federal/State/Local taxes, and emergency 911 taxes.

LATE FEE – Accounts that are not paid by the due date will be assessed a \$10 late fee. Payments received after the due date must include this fee.

PREFERRED PAYMENT DATE - Having trouble paying your bill on time? You may qualify for a preferred payment date option that better matches your source of income to the due date. You will need to pay the current bill in full and show proof of all monthly income received. If you think you qualify, call customer service at 800-923-8375.

ATTACHMENT

THE VERIFICATION COMPANY CONTRACT

SERVICE CONTRACT

This SERVICE CONTRACT (the "Contract") is made and entered into by **THE VERIFICATION COMPANY ("TVC")**, of 1059 Broadway, Suite G, Dunedin, FL 34698, and **VCI COMPANY ("VCI")**, of 3875 Steilacoom Blvd SW #A Lakewood, WA 98499 based upon the following recitals, terms, and conditions.

Recitals

WHEREAS, "**TVC**" is a Delaware corporation in good standing conducting a business of third party verification, and "**VCI**" is a Washington corporation in good standing in the business of providing telecommunication services;

WHEREAS, "**VCI**" warrants to "**TVC**" that it is experienced, skilled, licensed, and competent to provide telecommunication services to its customers, and "**TVC**" warrants to "**VCI**" that it is experienced, skilled, licensed, and competent to provide third party verification services to its customers;

WHEREAS, "**TVC**" agrees to provide third party verification services for "**VCI**", and "**VCI**" agrees to purchase from "**TVC**" said third party verification services in accordance with the terms and conditions set forth in the Contract below.

NOW, THEREFORE, IN CONSIDERATION of the foregoing recitals, and the mutual covenants and promises set forth herein, and the adequacy of such consideration being acknowledged by all parties, the parties agree as follows:

Terms and Conditions

1. **Effective Date/Facsimile.** May 24, 2004 is the effective date of the Contract ("Effective Date"). A facsimile copy of the Contract and any signatures hereon shall be considered for all purposes as originals.

2. **Contract Term and Renewal.** The initial term of this Contract shall commence on the Effective Date and will continue for one year and renew automatically, unless "**VCI**" provides "**TVC**" with thirty (30) days' prior written notice, that the Contract will terminate at the end of said thirty (30) day time period.

3. **Penalties for early termination:** Waived.

4. **Independent Contractor.** "**VCI**" and "**TVC**" are independent contractors and not agents of each other, and each party is responsible for all withholding and FICA for amounts paid to it by the other party. "**VCI**" shall be responsible for payment of any Florida state services taxes.

5. **Services Provided.** Commencing on the Effective Date, to facilitate the **automated** independent third party verifications of each telemarketing sale in English, "**VCI**"s salespeople will conference in "**TVC**"s IVR (Interactive Voice Response equipment) that will then execute an electronic recording. Within one business day, "**TVC**" shall provide "**VCI**" with a report in email format. The recordings will be available for "**VCI**" to listen to at "**TVC**"s web site, or via telephone for a one-year period. "**TVC**" will keep copies of the recordings on the hard drives of the servers and will make two permanent digital backup copies for long-term storage (in excess of two years). One permanent digital copy will be stored onsite and one stored offsite. "**VCI**" agrees to provide "**TVC**"

with all of the information, correspondence, and documents necessary for "TVC" to process "VCP's" third party verification needs. "TVC" makes no guarantees that "VCP's" potential customers will indicate to "TVC" that they wish to purchase "VCP's" services, and "TVC" shall not be liable if any of "VCP's" potential customers indicate during their third party verification conversations with "TVC" that they do not wish to purchase "VCP's" services.

6. **Payment for Services Rendered.** The following reflects the payment terms for services rendered pursuant to this Contract:

A. "VCP" agrees to pay "TVC" as compensation for the services referenced in Paragraph 5 above, \$0.40 for each automated verification regardless of whether "VCP's" potential customer agreed to or declined to purchase "VCP's" services;

B. "TVC" shall forward to "VCP" an invoice each week for services rendered based upon the above-referenced rate of compensation. "VCP" shall pay "TVC" the full amount due pursuant to that invoice, by bank wire, by the end of the week received. If payment is not received as agreed, verification services may be interrupted. "VCP" will have the option to pay by check on receipt of invoices if a dollar amount equal to two current weeks of verification is held in escrow by "TVC".

C. Any dispute regarding an invoice, must be reported in writing to "TVC" within ten (10) days of the receipt of the subject invoice(s), otherwise "VCP" waives any and all rights it may have to dispute the invoice and shall pay said invoice in full;

D. In the event "TVC" does not receive payment within ten (10) days of "VCP's" receipt of an invoice, a late charge shall be assessed in the amount of \$15.00, and paid in addition to the amount due under the invoice;

E. In the event "TVC" does not receive payment within fourteen (14) days of "VCP's" receipt of said invoice, the amount due pursuant to the invoice shall thereafter bear interest at a rate of one and one-half percent (1.5%) per month until paid;

F. **Programming and setup charge: \$500**

G. The charges per order, referenced in Paragraph 6(A) above, are all-inclusive with no additional charges for any other services under this Contract (excluding any Florida services taxes or other taxes). In the event, "VCP" is in need for a service, requiring programming work not referenced in Paragraph 5 above, the compensation, if any, for said service shall be determined at that time.

H. **Weekly minimum invoice amount or maintenance fee: After a 30-day ramp up period** "TVC" will bill a minimum of \$100.00 per week to "VCP" whether or not enough orders had been processed the previous week to reach that amount on a per call basis. If in the event that "VCP" ceases using the services of "TVC" and there are no verifications being done, the monthly minimum converts to a \$250 per month ongoing maintenance fee. "VCP's" verification recordings and all appertaining data are held and maintained onsite and offsite on secure digital media for an indefinite amount of time (in excess of the FCC-mandated two years). The maintenance fee would include database and Web maintenance, online access to all recordings and live technical and customer support for as long as "VCP" needs "TVC" to deliver these services. Monthly maintenance and support can be cancelled by "VCP" at any time but needs to have been active in preceding months for access, i.e., missed payments would have to be caught up. As long as "VCP" is current on the monthly maintenance fee, "VCP" will continue to have full Web and phone access to all verification recordings.

7. **Breach by "VCP".** The following shall be deemed a breach of this Contract by "VCP":

A. Failure to pay the full amount due pursuant to any weekly invoice within ten (10) days of "VCP's receipt thereof, and after "VCP" having received three (3) days' written notice of such failure and demand for payment from "TVC";

B. Failure to comply with any other provision of this Contract, and after "VCP" having received three (3) days' written notice of such failure and demand for cure from "TVC";

C. The filing of a petition by or against "VCP" under the bankruptcy laws of the United States or of any state; and/or

D. The appointment of a receiver, custodian, or trustee for "VCP".

8. **Remedies of "TVC" for Breach by "VCP".** In the event "VCP" breaches this Contract, "TVC" shall, in addition to other rights and remedies, have the following remedies:

A. Notwithstanding the provisions of Paragraph 2 above, "TVC" may terminate this Contract upon ten (10) days' written notice to "VCP", and upon the expiration of said ten (10) day time period, the Contract shall be terminated. In Addition, "TVC" may continue to collect all monies owed by "VCP";

B. "TVC" may continue to collect all monies owed without prejudicing or waiving their right to proceed with any other legal remedy; or

C. Without terminating this Contract, "TVC" may take formal legal action in order to obtain any monies owed by "VCP".

9. **Default by "TVC".** "TVC" shall not be in default unless "TVC" fails to perform obligations required of "TVC" within a reasonable time, but in no event later than ten (10) days after written notice by "VCP" to "TVC", specifying the obligation that "TVC" has failed to perform; provided, however, that if the nature of "TVC's obligation is such that more than ten (10) days are required for performance, then "TVC" shall not be in default if "TVC" commences performance within such 10-day period and thereafter diligently prosecutes the same to completion. Notwithstanding any other provision hereof, "TVC" shall not be in default hereunder for failure to perform any act required of "TVC" where such failure is due to inability to perform on account of strike, laws, regulations or requirements of any governmental authority, or any other cause whatsoever beyond "TVC's control. In the event it is determined that "TVC" is in default under this Contract, "VCP" may terminate this Contract upon ten (10) days' written notice to "TVC", and upon the expiration of said ten (10) day time period the Contract shall be terminated.

10. **"VCP's Information.** "TVC's duties under this Contract are solely based upon the information provided from "VCP". "TVC" does not take responsibility for the accuracy of the information provided by "VCP", and "TVC" shall not knowingly be involved in the dissemination of misrepresented or fraudulent information or services. "TVC" reserves the right to terminate this Contract without notice, if it determines, in its sole discretion that "VCP" may be switching customers to its telecommunication service without their knowledge or consent; may be fraudulently adding charges to a customer's bill for unrequested services or telephone calls not made by that customer; may be providing "TVC" with false information to provide to "VCP's potential customers; or if "VCP" comes under investigation for the foregoing conduct.

11. **Survival.** Upon termination of this Contract by either party, with or without cause, the parties shall remain obligated to the restrictions set forth, below, in Paragraphs 11, 12, and 13.

12. **Confidentiality of Information.**

A. During the term of this Contract or at any time thereafter the parties shall make all reasonable efforts not to divulge, furnish, make accessible to or sell to any person(s) or

company(s) or use in any way (other than pursuant to the terms of this Contract or to defend itself in any lawsuit filed against it as a result of its relationship to the other party to this Contract) any confidential or secret information of a party which the other party has acquired or become acquainted with or will acquire or become acquainted with prior to the termination of the term of this Contract, concerning any trade secrets, confidential or secret designs, processes, plans or material directly or indirectly useful in any aspect of the businesses of the parties, any customer or supplier lists of the parties, any confidential or secret development or research work of the parties, or any other confidential information or secret aspects of the businesses of the parties. The parties acknowledge that the information provided to them by the other party constitutes a unique and valuable asset of said party, acquired at great time and expense by the party, and that any disclosure or other use of such knowledge or information other than for the sole benefit of said party and as provided in this Paragraph, would be wrongful and would cause irreparable harm to said party. Both during and after the term of this Contract, the parties will refrain from any acts or omissions that would reduce the value of such information to the other party, except as provided in this Paragraph.

B. During the term of this Contract or at any time thereafter, "TVC" shall make all reasonable efforts not to divulge, furnish, make accessible to or sell to any person(s) or company(s) or use in any way (other than pursuant to the terms of this Contract or to defend itself in any lawsuit filed against "TVC" as a result of its relationship to "VCP") any confidential or secret information of "VCP's" customers which "TVC" has acquired or become acquainted with or will acquire or become acquainted with prior to the termination of this Contract, concerning any customer profile information, customer service or product references, customer financial net worth and financial account information, and any other confidential information or secret aspects of the customer(s). "TVC" acknowledges that the above-described information constitutes a unique and valuable asset of the customer(s) and "VCP" acquired at a great time and expense by the customer(s) and "VCP", and that any disclosure or other use of such knowledge or information of the customer(s) other than for the sole benefit of the customer(s), "VCP", and as provided in this Paragraph, would be wrongful and would cause irreparable harm to the customer(s) and "VCP". Both during and after the term of this Contract, "TVC" will refrain from any acts or omissions that would reduce the value of such information to the customer(s) and "VCP", except as provided herein.

C. Paragraphs 12(A) and 12(B) above, do not apply as to the following:

1. Such information as is required by law to be disclosed by "TVC" to governmental authorities, provided that "TVC" notifies "VCP" prior to such disclosure and cooperates with "VCP" in the event that "VCP" elects to legally contest and avoid such disclosure; and

2. Such information as "TVC" deems necessary or advisable to disclose to its legal counsel and accountant.

13. **Indemnification and Limitation of Liability.** "TVC" and "VCP" agree to indemnify and hold harmless each other and their respective officers, directors, employees and agents for any liability, cost or expense, including reasonable attorney's fees, they each may suffer or incur arising out of the intended and/or negligent acts or omissions of the other and arising under or in connection with this Contract. The obligations of this section shall survive the termination of this Contract. Notwithstanding the foregoing, in no event shall either party be liable to the other for special or consequential damages for the claims of third parties arising under or in connection with this Contract.

14. **Notices.** It is understood and agreed between the parties hereto that all notices required pursuant to this Contract shall be in writing and either mailed via certified mail return receipt requested, hand-delivered to the addresses indicated at the top of page one (1) of this Contract

or sent by digitally signed email. Notice provided in such a manner shall constitute sufficient notice to the parties to comply with the terms of this Contract or any applicable state law. Either party may designate a substitute address by providing the other party with written notice as provided herein.

15. **Attorneys' Fees/Litigation.** In the event "TVC" engages an attorney to seek the collection of monies due under this Contract or to protect any other interest of "TVC", with or without judicial proceedings, "VCP", agrees to pay "TVC" for all reasonable attorneys' fees and other costs and expenses incurred by "TVC". Non-payment of monies due to "TVC" pursuant to Paragraph 6 above will result in the engagement of an attorney. In the event of litigation between the parties concerning this Contract, the prevailing party shall be entitled to recover reasonable attorneys' fees from the non-prevailing party, as fixed by the court, including, but not limited to, pre-litigation fees for such things as correspondence, telephone conferences, meetings, and attorneys' fees at the trial and appellate level and in post-judgment collection proceedings.

16. **Severability.** The invalidity or unenforceability of any particular provision hereof shall not affect the remaining provisions of this Contract, and this Contract shall be construed in all respects as if such invalid or unenforceable provision were omitted.

17. **Venue of Actions.** This Contract shall be governed by the laws of the State of Florida, and any action or judicial proceeding involving this Contract may be brought only in those Florida State courts located in Pinellas County, Florida.

18. **Authority.** Each individual executing this Contract on behalf of "VCP" and "TVC" represent and warrant that he or she is duly authorized to execute and deliver this Contract on behalf of said entities.

19. **Waiver.** The pursuit by "TVC" of any remedies upon "VCP's" default of this Contract shall not constitute a waiver of any other remedies available to "TVC" in law or equity. A waiver by "TVC" of any breach of this Contract shall not constitute a waiver of any other breach. Forbearance or omission by "TVC" in enforcing any of "TVC's" remedies upon "VCP's" breach shall not constitute a waiver of any of "TVC's" remedies.

20. **Jury Trial Wavier.** To the extent waiver is permitted by law, the parties waive trial by jury in any action or proceeding brought in connection with this Contract or as to the matters contained herein.

21. **Captions.** The captions to the paragraphs of this Contract are used for convenience only, and shall not be used in construing or interpreting it.

22. **Binding Effect.** The rights and obligations of all parties and guarantors signing this Contract below are binding upon their successors and assigns.

23. **Amendment.** This Contract can only be amended by written agreement signed by the parties.

24. **Entire Contract.** This Contract constitutes the entire agreement between "TVC" and "VCP" relating to the subject of the negotiations and communications, oral or written, between the parties with respect to this Contract. There are no representations or warranties, express or

implied, between "TVC" and "VCI" with respect to the subject matter of this Contract, except those specified in this Contract.

IN WITNESS WHEREOF, the parties hereto have executed this Contract on the dates indicated below.

Signed, sealed and delivered in the presence of:

THE VERIFICATION COMPANY

Witness

Witness

By: _____
Name: David E Figueroa
Title: VP Business Development
Dated: _____, 2004

VCI COMPANY

Witness

Witness

By: _____
Name: Stan Efferding
Title: _____
Dated: _____, 2004